

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7031

BILL NUMBER: SB 278

NOTE PREPARED: Mar 5, 2004

BILL AMENDED: Mar 4, 2004

SUBJECT: NAICS information.

FIRST AUTHOR: Sen. Simpson

FIRST SPONSOR: Rep. Klinker

BILL STATUS: Enrolled

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill requires the Department of State Revenue to collect and maintain information for all retail merchants concerning the merchants' industry codes under the North American Industry Classification System Manual.

Effective Date: January 1, 2005.

Explanation of State Expenditures: *NAICS Information:* The impact of collecting and maintaining NAICS information on the Department of State Revenue (DOR) will largely depend upon its administrative actions; however, it is estimated that the Department could absorb any additional costs associated with the bill using existing staff and resources.

Background Information on NAICS: A portion of retail merchants currently registered in Indiana are categorized in DOR records based on the Standard Industrial Classification (SIC) codes. The SIC system was used by government and industry until it was replaced in 1997 by the North American Industry Classification system (NAICS). In some cases, it is possible to directly link all of the business types listed under one SIC code to a single corresponding NAICS code. However, many businesses currently classified under the one SIC code also correspond to a number of different NAICS codes. As such, it is presumed that the Department will be required to develop a method of collecting NAICS codes directly from merchants currently categorized under the SIC system.

The DOR requires new Indiana retail merchants and other businesses completing the DOR's Business Tax Application to include the North American Industry Classification System code that best categorizes the applicant's business type. (A listing and description of the NAICS codes is included with the application.) Applicants who neglect to include this information on the application would be asked directly by the

Department to include the information. An electronic version of the Business Tax Application requires NAICS information to be included before the application can be submitted to the Department.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of State Revenue.

Local Agencies Affected:

Information Sources: Tom Conley, Department of State Revenue, 232-2107;
www.in.gov/dor/electronicservices

Fiscal Analyst: John Parkey, 317-232-9854.